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## Project Delivery Directive

Number:

PDD-015

TO: Project Delivery Employees

*References:*

OFR 15-01  
DD-34-R1  
PMD 003R  
PMD 005  
PD-08  
PMD 018R3

*Effective Date:*

July 12, 2017

*Supersedes:*

PMD-021

*Review by:*

July 8, 2020

**TITLE:** Capital Outlay Project Closeout

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### DIRECTIVE

Requirements have increased for more comprehensive financial management of the Department's Capital projects. These requirements are externally imposed by agencies such as the Federal Highways Administration and the California Transportation Commission and are internally driven by Departmental goals such as stewardship. This directive is intended to improve Departmental practices for managing project costs and schedules related to finalizing projects at the time of their completion. Specifically, this directive provides policies for ensuring that project expenditures are recorded accurately and project tasks are completed consistent with defined project lifecycle timelines.

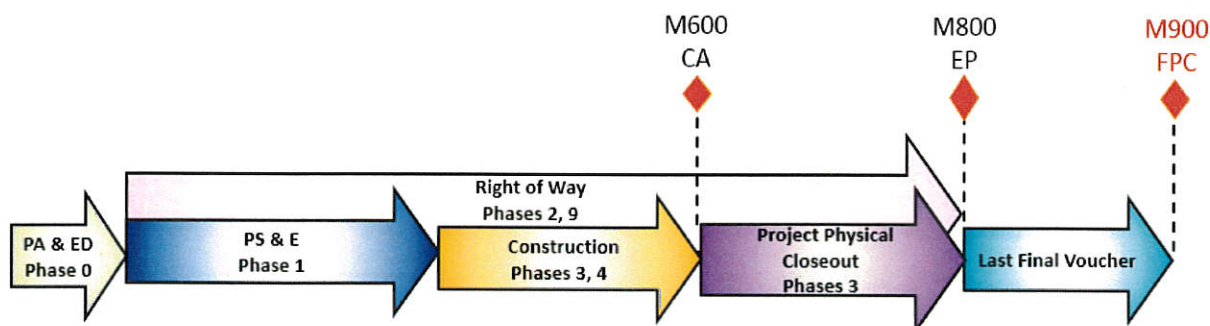
For all capital projects, all capital outlay and support phase expenditures must be complete and projects closed prior to the End Project Expenditures (EP/Milestone 800/M800). All financial closeout activities of the Final Voucher (FV) process must be completed prior to the Final Project Closeout (FPC/Milestone 900/M900).

To ensure that all project expenditures are recorded accurately, all planned project tasks and activities are to be completed by appropriate functional units by M800 including final utility payments. M800 should be achieved in accordance with the Federal Highway Administration (FHWA) Agreement End Date (AED). After receiving the notification of the Construction Expenditure Done (CED) date from District Construction, the Project Manager shall confirm all completed project phases are closed, and when work on all phases is completed, the Project Manager shall input District Expenditure Done (DED) date in the Construction Contract Information

System (CCIS) prior to sending the Final Voucher Request Form (FA-2658) to Accounting.<sup>1</sup> Accounting has up to 21 months to finish FV process after M800.

For federally funded projects, it is mandatory to establish an AED for each federal project. M900 must be achieved no later than the AED of the capital outlay project.

### Capital Outlay Project Lifecycle



### BACKGROUND

Delivery of capital outlay projects within budget and schedule are goals of Caltrans. As stewards of public funds, Caltrans continuously works with internal and external partners to improve and streamline processes to meet commitments. FHWA issued the FHWA Memo (2 CFR 200) dated December 4, 2014. (<http://www.fhwa.dot.gov/cfo/2cfr200guidance.pdf>) which requires Caltrans to provide a project AED for all federally funded projects (and their phases) when a federal fund authorization (E-76) request is processed by the Office of Federal Resources (OFR). The Division of Budgets, HQ Division of Project Management, in partnership with Accounting, developed policy memo *OFR 15-01* dated January 15, 2016 ([http://onramp/hq/budgets/library/OFR\\_Directive\\_15-01\\_Agreement\\_End\\_Date.pdf](http://onramp/hq/budgets/library/OFR_Directive_15-01_Agreement_End_Date.pdf)) and adopted the new FHWA guidelines statewide.

This directive will provide a streamlined and standardized project closeout process and ensure that all capital outlay project expenditures are accounted for in a timely, accurate and consistent manner.

### DEFINITIONS

**Advantage Project Group Code** is the project financial closeout status. Project Group Code 7A is the start of the FV process and it indicates that the project/phase has been accepted for FV processing.

<sup>1</sup> If Right of Way phases (2 and 9) are expected to be completed much later than CED date, Project Manager can submit form FA-2658 to Accounting after CED date has been achieved and expenditures for phases 0 and 1 have been completed. In this case, Accounting will start FV process for phases 0, 1, 3 and 4 with CED date.

**Construction Contract Acceptance (CCA)** also known as Milestone 600 (M600) is the date when the District accepts the completed construction contract.

**Construction Expenditure Done (CED)** is the date recorded in the Construction Contract Information System (CCIS) by District Construction when all construction expenditures in both Phase 3 and 4 are completed.

**District Expenditure Done (DED)** is the date recorded in the CCIS by the Project Manager when expenditures for all phases of the project are completed.

**E-76** is the State-Federal Agreement that provides FHWA funding approval and/or FHWA authorization to proceed with the project.

**End Project Expenditures (EP)** also known as Milestone 800 (M800) is the date when all project work is completed from all functional units including Construction, Design, Division of Engineering Services, Environmental, Right of Way, Surveys and Project Management. After M800, no support costs, capital expenditures, A&E invoices, utility payments or any other costs can be charged to the project. M800 should be scheduled approximately 26 months after M600.

**Federally Funded Projects** are projects that have an E-76 for federal funds in any phase of a project.

**FHWA Agreement End Date (AED)** is the date that the project is final vouchered by the Division of Accounting and closed in the FHWA's Fiscal Management Information System (FMIS).

**Final Project Closeout (FPC)** also known as Milestone 900 (M900) is the date when FV process is completed for all phases by Accounting. For federally funded projects, M900 must be marked 100% complete in PRSM no later than the last AED of a project. For all capital outlay projects, the AED is 21 months or less after the completion of M800.

**Final Voucher (FV)** is the final financial analysis completed during project/phase closeout process by Accounting.

**Final Voucher Request Form (FA-2658)** is submitted by the Project Manager to Accounting certifying that all final vouchering expenditures are completed for requested phases.

## *RESPONSIBILITIES*

### Chief, Divisions of Construction, Design, Engineering Services, Environmental Analysis, Project Management, and Right of Way and Land Surveys:

- Provide statewide direction to ensure compliance with this directive.
- Develop and implement procedures, guidance and tools, as needed, to assist districts in the successful closeout of all projects.

### District Director:

- Ensure implementation of this directive.
- Assign appropriate support resources for the activities outlined in this directive.
- Share this directive with functional units responsible for delivering products and services related to project closeout.

### Chief, Division of Accounting

- Ensure Accounting practices and financial systems support reporting of the project closeout status as described in this directive.
- Provide timely communication to the Project Manager for any additional documentation needed for FV process.
- Ensure Accounting staff enters project group code 7A in Advantage after the receipt of completed FA-2658 from the Project Manager to mark start of 21 months after M800.
- During the FV process, submit a project AED extension request to FHWA if the delay is caused by the FV process. Notify the Project Manager and OFR when project is closed in FMIS.

### Chief, Office of Federal Resources (OFR):

- Ensure OFR staff enters the planned project AED into FMIS that is provided by the Project Manager.
- Assist Project Manager and Accounting staff to process the necessary time extensions on project AED.
- Assist District and Accounting staff by providing Federal obligation information for projects from FMIS to reconcile federal cost changes prior to FV closeout.

### Deputy District Director of Construction:

- Ensure Construction staff enters the CED date in CCIS and notifies Project Manager.
- Ensure Resident Engineer manages the project schedule and informs Project Manager of any potential delays to achieve M600.

Deputy District Director of Program/Project Management:

- Ensure the district Capital Outlay Support workload includes project closeout efforts.
- Ensure project phases are properly closed and no additional funds are expended after project phase's closeout.

District Project Management:

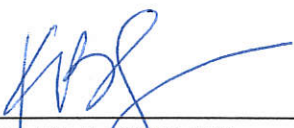
- Coordinate with the Project Development Team (PDT) to develop and update the project work plan timely for project closeout according to this directive.
- Keep OFR informed of AED extensions as needed.
- Ensure all project expenses are completed, all phases are deactivated in Advantage and DED date is entered in CCIS prior to M800.
- Complete, sign and submit Form FA-2658 to Accounting including AEDs for all federal projects requested for FV.
- Assist Accounting to ensure FV will be completed within 21 months after M800.

Functional Manager:


- Advise and update the Project Manager on the closeout of WBS tasks and effort required for each deliverable.
- Ensure no project expenditures after M800 and all expenditures have been recorded before each project phase is deactivated in Advantage.

Task Manager:

- Update closeout activities in PRSM weekly.
- Monitor to make sure employees are conducting closeout tasks according to the workplan and charging to appropriate closeout WBS tasks.
- Inform Functional Managers and Project Managers of any potential delays in a timely manner.
- Ensure that all charges have occurred before closing the tasks for time entry in PRSM.

  
KARLA SUTLIFF  
Chief Engineer  
Deputy Director, Project Delivery

7/12/17  
Date Signed

  
NORMA ORTEGA  
Chief Financial Office  
Deputy Director, Finance

7/12/17  
Date Signed